

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



September 18, 2009

Timothy J. Haines  
Deputy Director  
California Energy Resources Scheduling  
Department of Water Resources  
1416 Ninth Street  
Sacramento, California 95814

Dear Mr. Haines,


In your letter dated August 27, 2009, the California Department of Water Resources (CDWR) requested that the Executive Director of the California Public Utilities Commission (CPUC or Commission) concur in CDWR's determination that a change to CDWR's contract with CalPeak Power will result in a change in ratepayer value that results in ratepayer savings, not to exceed twenty-five million dollars (\$25,000,000) per year, and therefore is "not material" under the terms of Water Code Section 80110(c).

Proposed contract changes (i) address matters arising out of the implementation of the California Independent System Operator's (CAISO) Market Redesign and Technology Upgrade (MRTU), which, under Water Code Section 80110(c)(4), do not need to be presented to the CPUC and (ii) resolve disputes related to dedicated hours and turbine bolt failures. With regard to the dedicated hour dispute, CDWR agrees to forgo a Capacity Payment reduction and CalPeak Power agrees to forgo CAISO Reliability Must Run payments during 2010 and 2011. With regard to the turbine bolt failures dispute, CDWR will grant CalPeak Power a one-time allowance of additional scheduled maintenance outage days per facility specifically for repair of the turbine bolts.

Under the AB 3058 statutory provisions, a change to a CDWR contract does not need to be presented to the full membership of the Commission if it is "not material" i.e., "if it is only administrative in nature or the change in ratepayer value results in ratepayer savings, not to exceed twenty-five million dollars (\$25,000,000) per year." (Water Code Section 80110(c)(5)(B).) In that case, only the concurrence of the CPUC's Executive Director with the CDWR's determination is required. (Water Code Section 80110(c)(5)(B).)

In this case, I do concur in CDWR's determination that the proposed changes to the CalPeak Power contract that are not exempt under Water Code Section 80110(c)(4) will result in a change in ratepayer value that results in ratepayer savings, not to exceed twenty-five million dollars (\$25,000,000) per year.

Sincerely,

  
Paul Clanon  
Executive Director

Attachment

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cc: Mary Akens  
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